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**CONSOLIDATED MANITOBA MINES LIMITED**

**1967**

**FORTIETH ANNUAL REPORT**



# CONSOLIDATED MANITOBA MINES LIMITED

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*Directors*

PETER O. HEADLEY, New York, N.Y.  
ANDREW AZZARA, Brooklyn, N.Y.  
DR. MORTON SCHIFF, New York, N.Y.  
JOSEPH P. CUNNINGHAM, New York, N.Y.  
WILLIAM D. HAMILL, Falmouth, N.H.  
GARY T. BRAZZELL, Winnipeg, Manitoba  
R. J. DONOVAN, Toronto, Ontario

*Officers*

PETER O. HEADLEY, President  
ANDREW AZZARA, Vice-President  
DR. MORTON SCHIFF, Secretary-Treasurer  
GARY T. BRAZZELL, Assistant Secretary

*Head Office*

Suite 600  
213 Notre Dame Avenue  
Winnipeg 2, Manitoba

*Registrar &  
Transfer Agent*

THE ROYAL TRUST COMPANY  
Winnipeg, Manitoba

*Auditors*

NEFF, GOODWIN & CO.  
Toronto, Ontario

# CONSOLIDATED MANITOBA MINES LIMITED

This is your company's 40th annual report, together with financial statements for the fiscal year ended August 31, 1967

A major program on four groups, totalling 680 mining claims, in the James Bay Lowlands area (see map on page 3), was initiated during this period by the company on its own and jointly with a number of controlled companies. These claim groups are located to the south of the Moosonee Indian reservation and one of them adjoins the property on which Imperial Oil has made a major columbium discovery. They straddle a strong magnetic zone within a prominent gravity anomaly.

On the 141 claims adjoining the Imperial Oil Limited property, a detailed ground magnetometer and EM survey over lines cut at 400-ft. separation was completed in collaboration with Yellowknife Base Metal Mines Limited. Readings were taken at 50-ft. intervals. An initial drilling contract for ten holes is currently being negotiated in order to test a number of circular magnetic anomalies, some of which could represent carbonatite bodies.

The ground lying to the north of this claim group, where the other three groups of claims are located, was flown by Barringer Research Limited of Toronto, who used a six-channel Mark 5 input system and a Barringer AM101A magnetometer. At a line spacing of a ¼-mile, 520 miles were flown over a 120 square mile area. The flying, which was carried out along east-west lines, confirmed indications obtained by earlier government aerial magnetic surveys on north-south lines which tended to round the magnetic prominences.

A limited number of significant conductors were encountered and these are now being followed up on the ground. A large number of conductors on the west side of the James Bay magnetic zone appeared to indicate structural changes rather than potential mineralization.

The northeastern group of the James Bay claims contains the most prominent magnetic features in the area. Your company sold these 108 claims to a new subsidiary, Partridge River Mines Limited, in exchange for 750,000 shares of that company. A subsequent underwriting provided the necessary funds to undertake a ground survey program and exploratory diamond drilling.

Following up on unexpected results obtained from a seepage in a creek bed, considerable soil

testing was carried out in the area, disclosing an apparent  $U_3O_8$  soil sample anomaly.

Diamond drilling was commenced in February, 1968, with a view to determining structure and rock types.

Great Basin Metal Mines Limited, a corporation controlled by Consolidated Manitoba Mines Limited, has entered into an option agreement with your company through which this subsidiary can earn up to a 50% interest in a large northwestern group of 216 claims. The airborne survey indicated a number of prominent circular magnetic features in this group and part of these have now been located on the ground, preparatory to diamond drilling, a contract for which is under negotiation.

Ground geophysical check survey is in progress to check geophysical indications obtained by the airborne survey on other blocks of claims wholly-owned by your company, totalling 215 claims. These are comprised of an original block of 90 claims, an option on 73 claims and staking of 52 claims to cover airborne magnetic and input anomalies recommended for follow-up work or to protect your company's interest in the area of major features delineated by the airborne survey.

Diamond drilling, after break-up, is proposed for the testing of interesting magnetic anomalies and electromagnetic conductors which have been confirmed by the ground geophysical survey.

## YELLOWKNIFE BASE METALS LIMITED

An underwriting of this subsidiary, controlled through the ownership of 750,000 shares, provided the funds for financing a reconnaissance induced polarization program by Hunttec Limited. This work outlined an anomaly in the southeastern part of the company's Pine Point property in the Northwest Territories (see map on page 9).

An initial drill hole has indicated the presence of significant lead-zinc sulphides as the principal cause of the 3,000-ft. x 4,000-ft. anomaly.

After consultation with Hunttec, management decided to do further detailed IP work over the anomalous ground. This geophysical work was sufficiently encouraging to put an additional drill on the property. Although drilling results obtained so far are erratic, your management hopes that



further extensive diamond drilling will in time outline a number of economically mineable bodies.

#### CORONATION GULF, NORTHWEST TERRITORIES

During the past season your company maintained in good standing its 50-claim H group of gold claims in the Coronation Gulf area (see map on page 9) where seven consecutive diamond drills had indicated an average of 0.45 ounces of gold per ton, across a true width of 4.1 feet for a strike length of 186 feet.

Your management plans to undertake additional work in Coronation Gulf this summer in order to determine the structural control which governs mineralization in the multiple vein complex.

Growing uncertainty about the basis of the free world's monetary systems in the prevailing climate of calculated monetary debasement, has kindled fresh interest in gold. While rising operating costs are forcing more and more producing gold mines to close down, your management is making a deliberate and conscious attempt to acquire other promising gold prospects. A number of properties are currently being examined with this objective in mind.

#### COPPERMINE RIVER AREA, NORTHWEST TERRITORIES

Through purchase and option, Consolidated Manitoba Mines Limited, together with a group of companies controlled by it, secured 1,013 claims in the Coppermine River area (see map on page 9). In acquiring these claims, special attention was paid to the known mineralized structure in the area. The coming season will, from all indications, bring increased activity to Coppermine River, and your management is currently studying ways of making a major exploration effort in this area during the summer of 1968.

#### OTHER PROJECTS

A number of key claims on a base metal prospect northeast of Yellowknife, Northwest Territories, are being held in good standing. Other new projects, concerning both base and precious metals, are constantly being reviewed by the company.

#### MANAGEMENT PHILOSOPHY

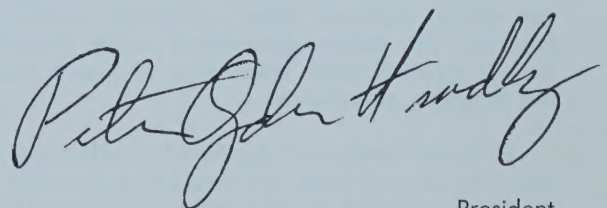
The management philosophy of Consolidated Manitoba Mines Limited differs from that of most junior mining exploration companies in that your company attempts to pursue simultaneously a number of ambitious programs on base metal and precious metal projects. Some of these, by their very size, call for large sums of money. In order to implement these programs, management finds it convenient to distribute as much of the costs as possible among other companies, whether affiliated or not, and to form, when necessary, new corporate units through which public financing can be obtained.

During the last twelve months, direct exploration costs for the Consolidated Manitoba group amounted to more than \$350,000. It is anticipated that the next twelve months will be a most active period for your company and that exploration expenditure during this period will increase substantially.

We hope that as many shareholders as possible will attend the annual general meeting on April 25, 1968. Those unable to do so are respectfully requested to date, sign and return the instrument of proxy which accompanies the notice calling the annual general meeting. You will note that the instrument of proxy makes provision for directing the voting of your shares.

Respectfully submitted,

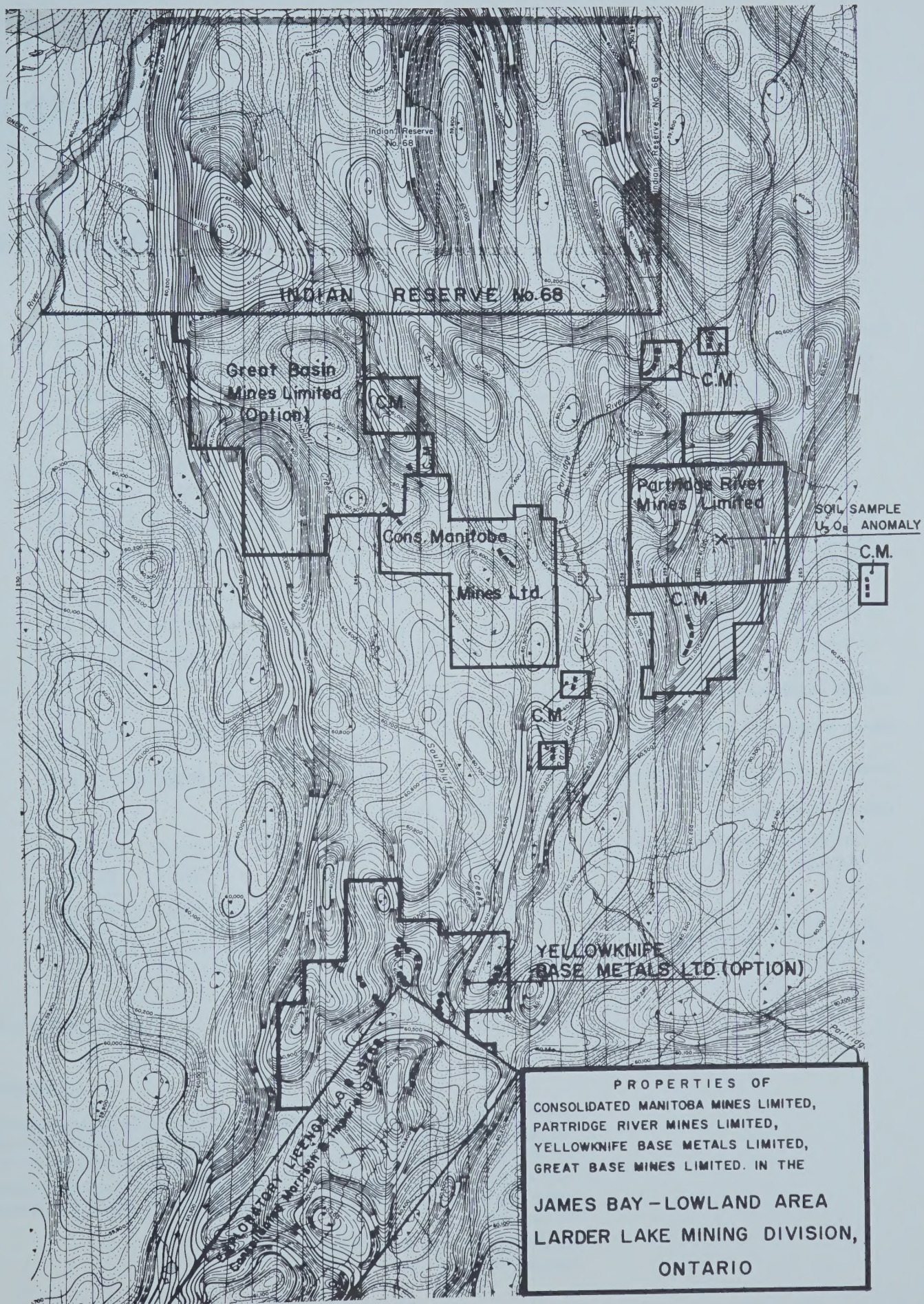
On behalf of the Board of Directors,



President.

February 28, 1968.





Note: Aeromagnetic Data from Maps 2345 G,  
2346 G, 2363 G, and 2364 G, O.D.M.  
Scale: 1 inch = 2 miles

Airborne In-put Anomaly .....  
Electromagnetic Conductor .....  
Consolidated Manitoba Mines Ltd. .... C.M.



# CONSOLIDATED MANITOBA

(Incorporated under the laws of the Province of Ontario)

## Balance Sheet as at

### ASSETS

	1967	1966
<b>Current assets:</b>		
Cash .....	\$ 13,916.10	\$ 47,677.78
Cash on deposit .....		145,000.00
Accounts receivable .....	49,476.66	20,865.35
Marketable securities — at cost (quoted market value \$91,425.00) .....	91,595.50	176,840.76
Accrued interest .....	1,916.50	4,352.50
	<u>\$156,904.76</u>	<u>\$394,736.39</u>
<b>Investment on other mining companies (note 2)</b>		
Capital stocks — at cost .....	\$144,267.55	\$ 22,167.55
Advances .....	37,245.03	23,006.58
	<u>\$181,512.58</u>	<u>\$ 45,174.13</u>
<b>Unlisted securities — at nominal value .....</b>	<b>\$ —</b>	<b>\$ 1.00</b>
<b>Mining properties — at cost (note 1) .....</b>	<b>185,475.00</b>	<b>186,600.00</b>
<b>Interest in prospecting grubstake — at cost .....</b>	<b>1,000.00</b>	<b>1,000.00</b>
<b>Deferred expenditure:</b>		
Exploration and development .....	164,527.83	102,154.17
Administration and general .....	72,048.86	42,148.01
	<u>\$236,576.69</u>	<u>\$144,302.18</u>
	<u><u>\$761,469.03</u></u>	<u><u>\$771,813.70</u></u>

The accompanying notes are an integral part of this financial statement.

### AUDITORS' REPORT

We have examined the accompanying balance sheet of Consolidated Manitoba and source and application of funds for the year then ended. Our examination was limited to the records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position, source and application of its funds for the year then ended, in accordance with the preceding year.

TORONTO, Canada,  
February 12, 1968.

# DBA MINES LIMITED

laws of Manitoba)

**August 31, 1967**

## LIABILITIES

	1967	1966
Current liabilities:		
Accounts payable .....	\$ 11,801.56	\$ 28,758.34

## SHAREHOLDERS' EQUITY

### Capital stock:

Authorized: 5,000,000 shares of \$1.00 each		
Issued and fully paid: 3,017,275 shares .....	\$ 3,017,275.00	\$ 3,017,275.00
Less: Discount on shares .....	1,440,596.30	1,440,596.30
	<u>\$ 1,576,678.70</u>	<u>\$ 1,576,678.70</u>
Deficit .....	827,011.23	833,623.34
	<u>\$ 749,667.47</u>	<u>\$ 743,055.36</u>

Approved on behalf of the Board:

PETER OGDEN HEADLEY, Director.

MORTON SCHIFF, Director.

<u>\$ 761,469.03</u>	<u>\$ 771,813.70</u>
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egral part of this statement.

### IE SHAREHOLDERS

es Limited as at **August 31, 1967** and the statements of deficit, deferred expenditure  
ded a general review of the accounting procedures and such tests of accounting

the Company as at August 31, 1967 and the results of its operations and the  
erally accepted accounting principles applied on a basis consistent with that of

NEFF, GOODWIN & CO.,  
Chartered Accountants.



# CONSOLIDATED MANITOBA MINES LIMITED

## NOTES TO THE FINANCIAL STATEMENT

AUGUST 31, 1967

### 1. Mining properties:

#### Coronation Gulf, Northwest Territories

50 unpatented mining claims in the Mackenzie District, Northwest Territories acquired for \$25,000.00 cash and 500,000 shares of capital stock valued by the directors at 10 cents per share ..... \$ 75,000.00

#### Moosonee, Ontario

447 unpatented mining claims in the Larder Lake Mining Division, Ontario acquired for cash ..... 87,600.00

Group B 216 claims — pursuant to an agreement dated April 10, 1967 the Company granted an option to acquire a 50% interest in these claims. In order to fully exercise this option, the optionee is required to spend not less than \$20,000.00 cash in exploration work on these claims. Upon completion of further exploration work costing not less than \$60,000.00 cash a new 5,000,000 share Company would be formed to acquire the claims and each of the Companies would then receive 50% of the vendor shares to be issued for the mining claims.

Group C 141 claims — pursuant to an agreement dated April 28, 1967 the Company granted an option to acquire a 90% interest in these claims. In order to fully exercise the option, the optionee would be required to spend \$30,000.00 cash in exploration work on these claims before April 28, 1968.

Group D 90 claims.

#### Moosonee, Ontario

52 unpatented mining claims in the Larder Lake Mining Division, Ontario acquired by staking ..... 7,875.00

#### Moosonee, Ontario

Option on 73 unpatented mining claims in the Larder Lake Mining Division, Ontario, at option cost to date ..... 15,000.00

In order to fully exercise this option the Company would be required to pay a further \$20,000.00 cash on or before July 19, 1968 and a further \$100,000.00 cash on or before July 19, 1970. A new 3,000,000 share Ontario Company would then be formed to acquire the claims and the optionor would receive 40% of the vendors shares issued by the new Company.

\$185,475.00

### 2. Investment in other mining companies:

#### Capital stocks

Yellowknife Base Metals Limited — 750,000 shares ..... \$ 12,667.55

Victory Lake Mines Limited — 750,000 shares ..... 9,500.00

Partridge River Mines Limited — 750,000 shares ..... 21,600.00

Pursuant to an agreement dated May 10, 1967 the Company sold 108 unpatented mining claims in the Moosonee Area, Larder Lake Mining Division, Ontario, to Partridge River Mines Limited, a 3,000,000 share Company, incorporated under the laws of Ontario.

Great Basin Metal Mines Limited — 675,000 shares ..... 100,500.00

The Company acquired 675,000 shares of Great Basin Metal Mines Limited, a 3,000,000 share Ontario company for \$100,500.00 cash.

\$144,267.55

### 3. Share purchase options:

Share purchase options have been granted to officers of the Company in respect of a total of 65,000 shares of the Company's capital stock at 30 cents per share exercisable (on a cumulative basis) as to 13,000 shares in each of the five years commencing January 14, 1966. These options terminate on cessation of employment.

Subsequent to August 31, 1967 options totalling 9,000 shares have been exercised.

### 4. Direct remuneration of officers and directors:

During the year ended August 31, 1967 the Company paid \$1,900.00 in direct remuneration to senior officers and directors.



# CONSOLIDATED MANITOBA MINES LIMITED

## STATEMENT OF DEFICIT FOR THE YEAR ENDED AUGUST 31, 1967

	1967	1966
Balance, beginning of the year .....	\$833,623.34	\$860,462.08
<b>Add:</b> Loss on sale of marketable securities — net .....	2,426.36	
Acquisition cost of mining claims abandoned .....	6,000.00	
	<u>\$842,049.70</u>	
<b>Deduct:</b> Proceeds of sale of unlisted securities .....	15,038.47	26,838.74
Balance, end of the year .....	<u>\$827,011.23</u>	<u>\$833,623.34</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED AUGUST 31, 1967

	1967	1966
<b>Source:</b>		
Sale of unlisted securities .....	\$ 15,039.47	\$ 26,838.74
Interest earned .....	6,893.82	18,631.40
	<u>\$ 21,933.29</u>	<u>\$ 45,470.14</u>
<b>Application:</b>		
Exploration and development expenditure .....	\$ 62,373.66	\$ 64,848.43
Administration and general expenditure .....	36,794.67	37,825.54
Acquisition cost of mining claims .....	11,475.00	105,600.00
Option payments on mining claims .....	15,000.00	3,000.00
Acquisition of shares in other mining companies .....	100,500.00	22,167.55
Advances to other mining companies .....	14,238.45	23,006.58
Loss on sale of marketable securities — net .....	2,426.36	
	<u>\$242,808.14</u>	<u>\$256,448.10</u>
Decrease in working capital .....	\$220,874.85	\$210,977.96
Working capital, beginning of the year .....	365,978.05	576,956.01
Working capital, end of the year .....	<u>\$145,103.20</u>	<u>\$365,978.05</u>



# CONSOLIDATED MANITOBA MINES LIMITED

## STATEMENT OF DEFERRED EXPENDITURE

FOR THE YEAR ENDED AUGUST 31, 1967

Exploration and development:	Balance August 31 1966	Expenditures during the year	Balance August 31 1967
<b>Coronation Gulf:</b>			
Diamond drilling .....	\$ 23,126.97	\$ 19,343.49	\$ 42,470.46
Engineering fees and expenses .....	23,588.91	3,700.00	27,288.91
Travel and transportation .....	21,952.07	3,433.40	25,385.47
Supplies .....	17,365.11	1,149.72	18,514.83
Wages .....	5,381.50		5,381.50
Geophysical survey .....	4,723.80		4,723.80
Assaying .....	1,437.40		1,437.40
Equipment rental .....	2,672.79	777.08	3,449.87
Telephone and telegraph .....	466.34		466.34
Licenses, fees and taxes .....	308.00	125.00	433.00
Maps and permits .....	288.03		288.03
Sundry expense .....	43.25		43.25
	<u>\$101,354.17</u>	<u>\$ 28,528.69</u>	<u>\$129,882.86</u>
<b>Moosonee:</b>			
Consulting fees and expenses .....	\$ 500.00	\$ 2,955.78	\$ 3,455.78
Geophysical surveys .....		15,836.36	15,836.36
Line cutting .....		11,120.00	11,120.00
Licenses, fees and taxes .....		3,346.75	3,346.75
Maps and prints .....		586.08	586.08
	<u>\$ 500.00</u>	<u>\$ 33,844.97</u>	<u>\$ 34,344.97</u>
	<u>\$101,854.17</u>	<u>\$ 62,373.66</u>	<u>\$164,227.83</u>
<b>Administration and general:</b>			
Head office and management services .....	\$ 8,540.00	\$ 3,040.00	\$ 11,580.00
Transfer agents fees .....	13,260.32	4,971.72	18,232.04
Legal and audit fees .....	18,607.09	12,926.08	31,533.17
Directors' fees .....	3,200.00	1,900.00	5,100.00
Shareholders meetings and reports .....	3,358.85	1,985.52	5,344.37
Public relations and advertising .....	4,270.90	1,889.54	6,160.44
Travel .....	10,169.04	3,530.93	13,699.97
Telephone .....	2,187.88	2,410.31	4,598.19
Printing and office expense .....	1,663.97	3,383.35	5,047.32
Government fees and taxes .....	4,265.87	757.22	5,023.09
	<u>\$ 69,523.92</u>	<u>\$ 36,794.67</u>	<u>\$106,318.59</u>
Less: Interest earned .....	27,375.91	6,893.82	34,269.73
	<u>\$ 42,148.01</u>	<u>\$ 29,900.85</u>	<u>\$ 72,048.86</u>







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Printed in Canada.